

TAFCO™

Primary Producer Proud



ANNUAL REPORT to MEMBERS 2012-2013



TAFCO Rural Supplies
215 Great Alpine Road, Myrtleford 3737

03 5752 1800



TAFCO
RURAL SUPPLIES

BOARD OF DIRECTORS:

Mr. Allan McGUFFIE Chairman
Mr. Joe LaSPINA Deputy Chairman
Mr. Lachlan CAMPBELL
Mr. Guido COSSIGNANI
Mr. Paul DALBOSCO
Mr. Angelo GRASSI
Mr. Antonio (Nino) MAUTONE

Observer Directors:

Mr. Dan IVONE
Ms. Rebecca HAMILTON

SECRETARY:

Ms. Kerry MURPHY

MERCHANDISING MANAGER:

Mr. Tony VACCARO

STAFF:

Mr. Glenn COUSINS
Mr. Nick RUARO
Mr. Gerard SACCO
Mr. Tony LaSPINA (deliveries)
James MOSTYN (casual)
Wade IVONE (Trainee – School Based Apprentice)

AUDITOR: Mr. Sam MAROTTA

ACCOUNTANTS: ALPINE TAX

BANKERS: ANZ Banking Group - MYRTLEFORD BRANCH

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NOTICE TO MEMBERS & AGENDA.

NOTICE IS HEREBY GIVEN OF THE ANNUAL GENERAL MEETING OF THE TOBACCO & ASSOCIATED FARMERS CO-OPERATIVE LIMITED, TO BE HELD AT THE MYRTLEFORD SAVOY SPORTING CLUB MEMBERS BAR, GREAT ALPINE ROAD MYRTLEFORD ON TUESDAY 26th NOVEMBER 2013 commencing at 6.00p.m

BUSINESS:

1. Attendance & Apologies
2. Confirmation of the Minutes of the Annual General Meeting held on Thursday 31st January, 2013
3. Business Arising
4. Chairman's Report
5. Managers Report
6. Receiving & Adopting of the: (a) Profit & Loss Statement
(b) Balance Sheet
(c) Directors Statement (Declaration)
(d) Auditors Report
7. Appointment of Directors: By rotation, Allan McGuffie & Angelo Grassi retire and are available for re-election: *(Nomination forms on last page of report)*
8. Ratification of Rates of Dividend, Bonus & Rebates.
At the Directors meeting held on the 5th June 2013 a motion was carried issuing a 5% dividend to members and a 2.5% rebate on members trading 01.04.12 to 31.03.13 be paid as a credit on members accounts.
9. Directors Fees - Ratification
At the Directors Meeting held on the 2nd October 2013, a motion was carried that the Chairman's Annual Allowance remain at \$8,000 per annum and the Directors Sitting Fee- Day Allowance remain at \$150 per day.
Directors have reviewed and allowance and fees remain unchanged.
10. **GUEST SPEAKER – Cathy McGowan OAM- MP Member for Indi**

By Order of the Board.
Kerry Murphy.
(SECRETARY)

MINUTES OF THE ANNUAL GENERAL MEETING OF THE TOBACCO & ASSOCIATED FARMERS CO-OPERATIVE LIMITED, HELD ON THE 31st JANUARY 2013 AT THE MYRTLEFORD SAVOY SPORTING CLUB MYRTLEFORD WHICH COMMENCED AT 6.15p.m.

PRESENT:

A.McGuffie, L.Campbell, G.Cossignani, P.Dalbosco A.Grassi, D.Ivone, N.Mautone, A.Roman, T.Vaccaro & K.Murphy

APOLOGIES:

J.LaSpina W.Sartori, C.McCormack, P.Burrowes, F.Marotta, R.Tomasoni, B.Lumsden, K&J Clemens,

Moved G.Cossignani/A.Grassi that the apologies be accepted.

CARRIED.

MINUTES:

Moved G.Cossignani/A.Roman that the Minutes of the Annual General Meeting, held on Thursday 24th November 2011 be confirmed.

CARRIED

BUSINESS ARISING: Nil

CHAIRMAN'S REPORT:

The Chairman reported that TAFCO had a momentous year celebrating 25 years of being in business since the purchase of the franchise of Dalgety Farmers Myrtleford in 1987.

During the course of the year Directors undertook a number of decisions to secure TAFCO's future including:

- The revaluation of the co-operatives major asset; land and buildings, which is reflected in the audited Financial figures.
- A review of inactive membership was undertaken as part of our governance role to ensure that our obligations under the co-operative Act were met. Members who had not traded for a period of time and were inactive as determined by the co-operative rules, were written to and given the opportunity to remain active or have their shares cancelled.
- Limiting shares in the co-operative to a maximum of 600,000
- Upgrading the truck with a larger tray for our regional delivery service
- Expanding office space and strengthening lease agreement to Phil Ash Elders Insurance
- Sourcing external funding for agribusiness and weather station projects.
- Entering into an agreement with Murray Goulburn Trading to supply goods and services to their clients from the 1st April 2012 when their Myrtleford Store ceased trading.

The employment of Gerard Sacco (full time) and James Mostyn (casual) both previously with Murray Goulburn Trading has strengthened TAFCO's business and enable us to transition into new stock lines and have a familiar friendly face for new customers to TAFCO.

Overall the decision to acquire Murray Goulburn Trading has been very successful.

Moved N.Mautone/P.Dalbosco that the Chairman's Report be received.

CARRIED.

MINUTES OF THE ANNUAL GENERAL MEETING OF THE TOBACCO & ASSOCIATED FARMERS CO-OPERATIVE LIMITED, HELD ON THE 31ST JANUARY 2013

MANAGERS REPORT:

The Manager spoke about the past 25 years of business and the achievements over that time of TAFCO and how the business had grown from 175 members and a turnover of \$600,000 to over 500 members and turning over close to \$4million

Moved D.Ivone/L.Campbell that the Managers report be received.

CARRIED.

FINANCIAL REPORTS:

Moved D.Ivone/L.Campbell that the Balance Sheet, the Profit & Loss Statement, the Directors Report and the Auditors Report be received.

CARRIED.

APPOINTMENT OF DIRECTORS:

By rotation the following Directors retired: J. LaSpina, W.Sartori & L.Campbell

One nomination to fill the vacancy by W.Sartori was received – Guido Cossignani
There being no other nominations received by close of business on Monday 28th January 2013, the meeting confirmed the re-appointment of J.LaSpina, L.Campbell and G.Cossignani.

Moved N.Mautone/A.Grassi that J.LaSpina, L.Campbell & G.Cossignani be appointed as Directors for a 3 year term.

CARRIED.

The Chairman spoke briefly about the introduction years ago of observer Directors and how this worked really well with filling Director vacancies as they arise.

RATIFICATION OF RATES & DIVIDEND:

Moved P.Dalbosco/G.Cossignani ratified that a 2.0% rebate on members trading as at the 31st of March 2012 and a 5% dividend on shares was made to members as a credit on their account.

CARRIED.

DIRECTORS FEES:

Members were informed that at the Directors Meeting held on 5th December 2012 Directors carried a motion that there be no increase to the Chairman's Annual Allowance of \$8,000 per annum and that Directors sitting Fees remain at \$150 per day.

Moved A.Grassi/L.Campbell that an annual Chairman's Allowance of \$8,000 and Directors Day Allowance of \$150 be ratified.

CARRIED.

GENERAL BUSINESS:

The Chairman outlined that the Board will be implementing stronger policies on debtors. Members were thanked for their attendance and the meeting closed.

MEETING CLOSED 6.40p.m:

.....
Chairman

dated

CHAIRMANS REPORT

It is with great pleasure that I present the TAFCO Chairman's Report for the 2012-13 Year.

TAFCO's current trading position is strong which is reflected in the audited Financial Accounts. The Board have made a number of decisions during the year to invest back into our business and place TAFCO in good stead for the future.

Management continue exploring new ways of expanding the provision of quality goods and service at competitive prices.

Some of the decisions to secure TAFCO's future including:

- Implementing tighter debtor trading policy and customer account applications*
- Undertaking an extensive survey of members and implementing recommendations*
- Upgrading the truck with a larger tray for our regional delivery service*
- Expanding office space and strengthening lease agreement to Phil Ash Elders Insurance*
- Installation of pallet racking in store*
- Trademarking of TAFCO*
- Launching new website with improved information*
- Electronic Newsletter developed*
- Sourcing external funding for agribusiness and weather station projects.*
- Observer Director mentoring program - Bec Hamilton welcomed to the Board as a new observer director*

Our base membership of over 500 remains a core strength of the co-operative. The Board welcomed 25 new member Shareholders during the 2012-13 year whilst retaining shares being capped at 600,000.

Early in the financial year TAFCO fare willed Project Officer Gary Baxter as project funding from all sources ceased. Gary completed the Chestnut Biosecurity Project in July 2012. TAFCO continued to raise agribusiness opportunities and during the year hosted information sessions on saffron production for Tas-Saff and hazelnut production with Australian Gourmet Hazelnuts. TAFCO is a facilitator of information and communication between potential new agribusiness opportunities and our members.

The Board reviewed these non-core activities and believe that our commitment to agribusiness development in the region continues to be a strength and part of our businesses point of difference.

Partnerships continue to be explored and strengthened and improved electronic communications have been invested in. This year together with GOTAFE, Alpine Angus, Paull & Scollard, GMH AgCare, the Victorian Farmers Federation and many of our suppliers we have brought to you Field days and member training. This year we hosted a Livestock Handling and Bull Selection Field Day, Grass Tetany Prevention day in store with Olssons, hosted a joint VFF dinner forum with the Horticulture Group speaking about the British Columbia Agricultural Land Reserve and DPI updated members on the Queensland Fruit Fly situation, hosted a ladies bus trip to the Melbourne International Flower Show, organised an introduction to Welding Day in addition to the usual AgVet Chemical and Refresher courses.

CHAIRMANS REPORT (cont.)

Staff training has been invested in. This year Gerard Sacco attained his truck licence and now operates our scheduled deliveries on Wednesdays to the Beechworth, Yackandandah, Mudgegonga areas. Nick Ruaro attended Onga pump product training and Glenn Cousins completed his AgSafe reaccreditation. All staff participated in an animal nutrition and supplement training workshop conducted by Olssons. Our trainee Wade Ivone attended Beef School at Dookie. TAFCO will continue to invest in our staff to bring you improved customer service through increased product knowledge and is looking into new areas to improve as opportunities arise.

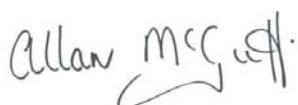
Earlier in the year TAFCO was recognised by the Dept. of Business and Innovation, as one of the top 100 businesses in the Hume Region and participated in the Hume Region Business Leaders forum to discuss impediments to small business in Victoria. Together with other attendees we highlighted the cost of doing business particularly in the areas such as OH&S and 'red tape'.

TAFCO has also been recognised by the Alpine Shire winning the Excellence in retail section recently.

Busy times are predicted for the Board, Management and staff – as we continue to improve and grow our business for the benefit of our members.

In conclusion I would like to acknowledge the Board's contributions in steering the business under the Management Team of Tony Vaccaro & Kerry Murphy and to thank our staff members for their commitment to customer service, through their product knowledge and making customers feel welcome in store.

It has been a very successful trading year, and one which we aim to grow in 2014



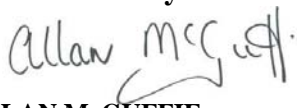
Allan McGuffie
CHAIRMAN OF DIRECTORS.

DIRECTORS REPORT:

In accordance with the Co-Operation Act 1996, your Directors submit their report together with audited financial statements for the year ended 30th June 2013:-

- (a) The names of the directors in Office for the period of this Report 01.07.11 to 30.06.12 are; Allan McGuffie, Joe LaSpina, Lachlan Campbell, Guido Cossignani, Paul Dalbosco, Angelo Grassi & Nino Mautone and are listed on the first page of the Annual Report.
- (b) The principal activity of the co-operative is to provide a retail outlet for agricultural products and Merchandise. There were no significant changes in the nature of these activities during the year.
- (c) The net amount of profit and loss of the Co-operative for the Financial year ended 30th June 2013, after provisions for income tax was a profit of \$175,503.99
- (d) A total of 599,548 fully paid Shares at \$1.00 each are Registered fully paid Shares.
- (e) The Directors recommended a 5% dividend (\$29,977.40) & a 2.5% rebate on trading (\$74,154.61) which was paid on the 30th June 2013.
- (f) The operations of the Co-operative are not subject to environmental regulations.
- (g) At the date of this Report, no change to assets of the co-operative which has arisen since the end of the Financial Year and secures the liabilities of any other person AND the Directors at the time of this Report believe that there is NO contingent liability which has arisen since the end of the financial year.
- (h) At the date of this Report, the Directors were not aware of any circumstances not otherwise dealt with in the report or accounts which would render any amount stated in the accounts misleading.
- (i) In the opinion of Directors, there has not arisen during the interval of the end of the Financial Year and the date of this Report, any item, transaction or event of a material and unusual nature likely to substantially affect the results of the operations of the Co-operative for the next succeeding Financial Year.
- (j) The Directors have not during the course of the year or since the end of the year granted to a person an option to have issued to him shares in the Co-operative
- (k) Since the end of the financial year, no Director has received or become entitled to receive a benefit, by reason of a contract made by the Co-operative with the Director or with a firm which he is a member or with a company in which he has a substantial financial interest.
- (l) No Indemnities or insurance premiums have been paid during or since the end of the financial year for a person who is or has been an officer or auditor of the Co-operative

Signed in accordance with a resolution of the Board and is signed for and on behalf of the Directors at Myrtleford on Wednesday 2nd October 2013



ALLAN McGUFFIE
Chairman



JOE LaSPINA
Deputy Chairman

DIRECTORS DECLARATION:


In accordance with a resolution of the Board of Directors we, ALLAN McGUFFIE and JOE LaSPINA being two Directors of the Tobacco & Associated Farmers Co-operative Limited, state on behalf of and in accordance with a resolution of the Directors, that, the Directors have determined that the co-operative is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies prescribed in Note 1 to the financial statements.

The Directors of the co-operative declare that:

1. The accompanying Financial Statements and notes for the financial year 1st July 2012 to 30th June 2013, are prepared in accordance with the *Co-operatives Act 1996*, and:
 - (a) give a true and fair view of the state of affairs of the Co-Operative for the financial year 1st July 2012 to 30th June 2013; and
 - (b) comply with applicable accounting standards.
2. At the date of this declaration, there are reasonable grounds to believe that the co-operative will be able to pay its debts as and when they become due and payable.
3. The Co-operative has kept such accounting records that correctly record and explain the transaction and financial position of the co-operative.

Declared at Myrtleford on 2nd October 2013

ON BEHALF OF THE BOARD.



ALLAN McGUFFIE



JOE LaSPINA

Trading Account	2013	2012
Trading Income		
Sales	3,956,335.63	3,416,066.78
Total Trading Income	3,956,335.63	3,416,066.78
Cost of Sales		
Add:		
Opening stock	413,354.62	386,700.00
Purchases	3,440,889.23	2,939,879.42
Freight	43,275.02	38,080.45
	3,897,518.87	3,364,659.87
Less:		
Closing Stock	483,643.74	413,354.62
	483,643.74	413,354.62
Cost of Sales	3,413,875.13	2,951,305.25
Gross Profit from Trading	542,460.50	464,761.53

Detailed Profit and Loss Statement	2013	2012
Income		
Trading profit	542,460.50	464,761.53
Bad debts recovered		488.00
Dividends received	27,221.85	31,052.10
Training Income	6,810.00	3,145.00
Interest received	13,790.02	14,833.36
Interest Received - Debtors	10,168.71	11,580.48
Reimbursement Wages		2,855.85
Profit/Loss on sale of assets	11,818.18	
Project funding income	10,348.47	41,921.75
Rebate - Fuel	1,185.87	959.53
Rebates - Merchandise	103,479.67	81,167.68
Rebates - Insurance	24,569.00	23,774.00
Rent received	20,149.96	19,196.63
Total income	<u>772,002.23</u>	<u>695,735.91</u>
Expenses		
Accountancy	1,813.50	2,067.50
Advertising and promotion	8,146.41	4,206.03
AGM Expenses	154.68	207.55
Amenities	1,454.73	1,410.46
Audit fees	9,500.00	8,650.00
Bad debts		299.20
Bank fees and charges	9,385.81	9,667.56
Chairmans allowance	8,000.04	8,000.04
Cleaning/rubbish removal	7,306.78	6,581.53
Computer Installation & Training	10,498.62	8,407.50
Debt collection	100.00	109.09
Depreciation - plant	15,580.00	16,349.00
Special - Building W/off	10,997.00	10,156.00
Directors expenses	5,086.36	6,750.00
Doubtful debts	(2,720.00)	(16,858.00)
Electricity & Heating - 215 Myrtle St	4,693.17	6,449.37
Electricity & Heating - 231 Myrtle St	213.04	255.60
Entertainment	773.49	829.88
Entertainment - Project funding	119.29	129.00
Farmer Training Courses	3,082.00	2,569.45
Fringe benefits tax	3,301.43	4,127.00
Insurance	16,405.39	15,864.54
Interest - Overdraft	502.25	1,344.49
Legal fees		987.59
Licences & registrations	1,478.53	547.80
Medical Expenses - Staff		28.40
Members Fees - AIRR	5,800.00	5,000.00
M/V car - Fuel & oil	5,856.46	6,362.61
M/V car - Lease		2,325.40
M/V car - Running Expense	1,029.19	2,937.67
M/V Truck - Fuel & oil	9,418.52	7,834.07
M/V Truck - Lease	10,481.49	

Detailed Profit and Loss Statement

2013

2012

Expenses (cont.)

M/V Truck - Running Expense	1,343.15	2,669.14
M/V Utility - Fuel & oil	4,294.00	4,220.18
M/V Utility - Lease	113.42	753.98
M/V Utility - Running Expense	1,942.25	1,484.01
Open Day Expenses	34.00	100.95
Postage	4,977.75	4,971.92
Printing & stationery	7,879.23	8,138.97
Project funding expenses	7,950.38	17,147.69
Rates & land taxes-215 Myrtle Street	5,974.42	5,091.00
Rates & Taxes-231 Myrtle Street	2,775.45	2,240.77
Repairs & maintenance	1,338.48	811.40
Repairs & Maintenance-215 Myrtle Street	11,778.50	7,375.04
Repairs & Maintenance.-231 Myrtle Street	3,642.22	
Repairs & maintenance Forklift	3,323.72	2,558.41
Replacements	430.00	508.19
Secretarial - MV Running Expenses		1,353.00
Security	2,137.91	1,724.00
Signwriting	1,957.00	
Staff training	2,381.20	720.00
Subscriptions	1,430.27	1,079.36
Superannuation	39,775.98	25,959.10
Telephone	11,524.28	12,374.33
Travel, accom & conference	903.51	901.78
Travel, accom & Conf - VFF	1,894.36	1,307.68
Uniforms	795.46	863.59
Wages	289,466.26	260,338.06
Wages - Project funding		21,386.00
Web Page Setup & Maintenance	3,680.90	468.18
WorkCover	4,490.96	3,852.18
Total expenses	<u>566,693.24</u>	<u>513,995.24</u>
Profit from Ordinary Activities before income tax	<u>205,308.99</u>	<u>181,740.67</u>

Profit and Loss Statement	2013	2012
Operating profit before income tax	205,308.99	181,740.67
Income tax attributable to operating profit (loss)	(29,805.00)	(24,771.30)
Operating profit after income tax	175,503.99	156,969.37
Retained profits at the beginning of the financial year		
	371,402.27	313,520.44
Total available for appropriation	546,906.26	470,489.81
Dividends provided for or paid	(29,977.40)	(29,950.95)
Aggregate of amounts transferred to reserves	(18,806.00)	(14,816.14)
Other appropriations	(74,154.61)	(54,320.45)
	(122,938.01)	(99,087.54)
Retained profits at the end of the financial year	<u>423,968.25</u>	<u>371,402.27</u>

Detailed Balance Sheet

	2013	2012
Current Assets		
Cash Assets		
ANZ Term Deposit	247,265.77	284,873.64
ANZ Business online saver	51,397.89	
Cash on hand	600.00	600.00
Petty cash	200.00	200.00
	299,463.66	285,673.64
Receivables		
Trade debtors	230,939.44	258,143.28
Other Trade Debtors	10,904.33	10,127.33
Less: Provision doubtful debts	(23,094.00)	(25,814.00)
	218,749.77	242,456.61
Inventories		
Stock on hand	483,643.74	413,354.62
	483,643.74	413,354.62
Other Financial Assets		
Shares Listed - Incitec Pivit	11,612.00	11,571.00
Shares Unlisted - A.I.R.R.	271,484.00	261,324.00
	283,096.00	272,895.00
Total Current Assets	1,284,953.17	1,214,379.87
Non-Current Assets		
Receivables		
Loan Account - Members re GST	9,133.58	4,623.43
	9,133.58	4,623.43
Property, Plant and Equipment		
Land @ Directors Valn - 215 Myrtle St	213,000.00	213,000.00
Land @ Directors Valn - 231 Myrtle St	85,000.00	85,000.00
Buildings 231 Myrtle St @ Dir. Valuation	279,000.00	279,000.00
Buildings - at cost	443,866.75	382,745.93
Buildings @ Directors Val 231 Myrtle St	4,250.00	4,250.00
Less: Accumulated Write Off	(141,657.00)	(130,660.00)
Plant & equip - at cost	202,265.70	197,168.75
Less: Accumulated depreciation	(130,398.00)	(114,818.00)
	955,327.45	915,686.68
Intangible Assets		
Goodwill ex MG @ cost	50,000.00	50,000.00
	50,000.00	50,000.00
Total Non-Current Assets	1,014,461.03	970,310.11
Total Assets	2,299,414.20	2,184,689.98

Detailed Balance Sheet	2013	2012
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Current Liabilities**Payables****Unsecured:**

Trade creditors	296,961.18	233,274.30
	<u>296,961.18</u>	<u>233,274.30</u>

Financial Liabilities**Unsecured:**

ANZ Chq A/c 47723	28,582.30	59,368.49
	<u>28,582.30</u>	<u>59,368.49</u>

Current Tax Liabilities

GST Clearing Account	9,330.00	5,755.00
Provision Income Tax	4,037.25	7,890.70
	<u>13,367.25</u>	<u>13,645.70</u>

Provisions

Provision - Long Service Leave	42,831.00	35,992.00
Provision - Annual Leave	26,463.00	23,271.00
	<u>69,294.00</u>	<u>59,263.00</u>

Total Current Liabilities**408,204.73** **365,551.49****Total Liabilities****408,204.73** **365,551.49****Net Assets****1,891,209.47** **1,819,138.49****Equity****Issued Capital**

Ordinary Shares Of \$1	599,548.00	599,019.00
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Reserves

Capital profit reserve	41,170.15	41,170.15
General Reserve	179,863.00	171,088.00
Asset Revaluation Reserve	646,660.07	636,459.07
Retained profits / (accumulated losses)	423,968.25	371,402.27

Total Equity**1,891,209.47** **1,819,138.49**

Cash Flows Statement

	2013 \$	2012 \$
Cash Flow From Operating Activities		
Operating profit (loss) after tax	175,503.99	156,969.37
(Profit) Loss on sale of plant & equipment	-11818.18	0.00
Depreciation/BWOA	26,577.00	26,505.00
Amortisation	0.00	0.00
Income Tax Paid	-33,658.45	-7,985.94
(Increase) decrease in trade debtors	26,426.84	168,580.81
(Increase) decrease in other debtors	-777.00	-1,491.11
(Increase) decrease in finished goods	-70,289.12	-26,655.00
(Increase) decrease in prepayments expense	0.00	825.00
Increase (decrease) in prepayments income	0.00	-11,640.00
Increase (decrease) in GST clearing	3,575.00	5,755.00
Increase (decrease) in Doubtful debts provision	-2,720.00	-16,858.00
Increase (decrease) in employee entitlements	10,031.00	8,953.00
Increase (decrease) in provision for income tax	-3,853.45	16,785.36
Increase (decrease) in trade creditors and accruals	63,686.88	-131,337.35
Increase (decrease) in other creditors	0.00	0.00
<i>Net cash provided by (used in) operating activities</i>	182,684.51	188,406.14
Cash Flow From Investing Activities		
(Increase) decrease in Property, plant & equipment	-66,218.00	-406,458.42
(Increase) decrease in loans to shareholders	-4,510.15	-7,319.13
(Increase) decrease in Loans - other A.I.R.R.	0.00	0.00
(Increase) decrease in Shares - other Companies	-10201.00	-72157.00
Increase (decrease) in other reserves	46423.86	393328.68
<i>Net cash provided by (used in) investing activities</i>	-34,505.29	-92,605.87
Cash Flow From Financing Activities		
Increase (decrease) in provision for dividends	-29,977.40	-29,950.95
Proceeds of issue of shares	529.00	-6,512.00
Increase (decrease) members rebate	-74,154.61	-53,320.45
Increase (decrease) bonus shares	0.00	-1,000.00
Increase (decrease) Prior Year Adjustments	0.00	0.00
Proceeds of borrowings	0.00	0.00
<i>Net cash provided by (used in) financing activities</i>	-103,603.01	-90,783.40
Net increase (decrease) in cash held	44,576.21	5,016.87
Cash at the beginning of the year	226,305.15	221,288.28
Cash at the end of the year (Note 1.)	270,881.36	226,305.15

Cash Flows Statement

Note 1. Reconciliation Of Cash

ANZ Chq A/c 47723	-28,582.30	-59,368.49
ANZ Cash management account	0.00	0.00
ANZ Business online saver	51,397.89	0.00
ANZ Term Deposit	247,265.77	284,873.64
Cash on hand	600.00	600.00
Petty cash	200.00	200.00
	<u>270,881.36</u>	<u>226,305.15</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependant on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of the members.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of the members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of the statements are as follows:

(a) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income). The company does not apply deferred tax.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

(c) Intangibles

Goodwill

Goodwill is recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquired at date of acquisition.

Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold.

(d) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Note 1: Summary of Significant Accounting Policies

(e) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reasonably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(g) Revenue and Other Income

Revenue is measured at the value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognised related to the provision of services is determined with reference to the stage of completion of the transaction at the reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

(h) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

(j) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Note 2: Reserves

	2013	2012
Members Dividend	29,977.40	29,950.95
	29,977.40	29,950.95

Note 3: Cash assets	2013	2012
Bank accounts:		
ANZ Term Deposit	247,265.77	284,873.64
ANZ Business online saver	51,397.89	
Other cash items:		
Cash on hand	600.00	600.00
Petty cash	200.00	200.00
	299,463.66	285,673.64

Note 4: Receivables

Current

Trade debtors	241,843.77	268,270.61
Provision for doubtful debts	(23,094.00)	(25,814.00)
	218,749.77	242,456.61
	218,749.77	242,456.61

Non-Current

Amounts receivable from		
- Shareholders	9,133.58	4,623.43
	9,133.58	4,623.43

Note 5: Inventories

Current

Finished goods at cost	483,643.74	413,354.62
	483,643.74	413,354.62

Note 6: Other Financial Assets

Current

Shares in other corporations - at cost:		
- Listed on a prescribed stock exchange	11,612.00	11,571.00
- Unlisted	271,484.00	261,324.00
	283,096.00	272,895.00
	283,096.00	272,895.00

Note 7: Intangible Assets

Goodwill:

- At cost	50,000.00	50,000.00
- Less: Accumulated amortisation		
	50,000.00	50,000.00
	50,000.00	50,000.00

Note 8: Payables

Unsecured:

- Trade creditors	296,961.18	233,274.30
	296,961.18	233,274.30

	296,961.18	233,274.30
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Note 9: Provisions**2013****2012****Current**

Employee entitlements*	69,294.00	59,263.00
	69,294.00	59,263.00
* Aggregate employee entitlements liability	69,294.00	59,263.00

There were 8 employees at the end of the year

Note 10: Contributed Capital

599548 Ordinary shares at \$1.00 each fully paid	599,548.00	599,019.00
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Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

AUDITORS REPORT

To the members,

In my opinion:

1. The accompanying Financial Statements, being Profit and Loss Account, Balance Sheet, Cash Flows Statement and notes to the accounts are properly drawn up in accordance with the provisions of the *Co-operatives Act 1996*, including:
 - a) giving a true and fair view of:
 - (i) The state of affairs of the Co-operative at the 30th June 2013 and of the results and cash flows of the Co-operative for the year ended on that date; and
 - (ii) The other matters required by Section 238 of the *Co-operatives Act 1996* to be dealt with in the financial statements; and
 - b) complying with applicable Accounting Standards and other mandatory professional reporting requirements

2. The accounting records and other records, and the registers required by the Act to be kept by the Co-operative have been properly kept in accordance with the provisions of that Act.

3. I have been given all information, explanations and assistance necessary for the conduct of the audit.

Dated at MYRTLEFORD this 16th day of September 2013



..... (signed)
Full Name: SAM P. MAROTTA_GD(acctg); Fellow NTAA; RTA; JP

SAM P MAROTTA GD (acctg); Fellow NTAA; RTA; JP
REGISTERED COMPANY AUDITOR. Reg No: 8799
Telephone: 03-57511411

NOMINATION FORM

ANY SHAREHOLDER WHO WISHES TO NOMINATE A MEMBER TO SERVE AS A DIRECTOR OF THE TOBACCO & ASSOCIATED FARMERS CO-OPERATIVE LTD AT THE ANNUAL GENERAL MEETING PLEASE FILL IN THE DETAILS BELOW AND RETURN TO SECRETARY BEFORE MONDAY 25th NOVEMEBR 2013

(*N.B. Nomination Forms are not required for existing Directors.)

I (Name)

(Address) of,

Signed:

I (Name)

(Address) of,

Signed:

Being Shareholders in The Tobacco & Associated Farmers Co-operative, wish to nominate the following person to serve as a Director on the Board of TAFCO.

I (name)

of (address).....

.....

being a shareholder of the Tobacco & Associated Farmers Co-operative Ltd hereby accept the above nomination and will provide to members details as required under the Co-operatives Act 1996 and according to the Rules of the Co-operative Section 41(6):-

- i. Date of Birth
- ii. Qualifications and experience
- iii. Length of any previous service as a director of the co-operative or with any other co-operative

Signed by Nominee :Dated :.....

Please return to : The Secretary
The Tobacco & Associated Farmers Co-operative,
P.O. Box 277
MYRTLEFORD. 3737.

Or hand deliver to TAFCO Rural Supplies, 215 Myrtle St, Myrtleford by Monday 25th November 2013